GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5283
ANSWERED ON:28.04.2000
FRAUDULENT CLAIMS OF EXPORT INCENTIVES
GADDE RAMAMOHAN

Will the Minister of FINANCE be pleased to state:

(a) whether the C.B.I. has unearthed an allegedmulti-crore racket in fraudulent claims of export incentives in Mumbai in the month of March, 2000;

(b) if so, the details of the firms alongwith the money involved in the fraud; and

(c) the modus-operandi of the fraud with the further action likely to be taken by Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR)

(a): The C.B.I. has registered a case in thisregard wherein the firm involved has over invoiced exports with dishonest intention to avail undue export incentives.

(b): The name of the firm involved is M/s. KrishnaFilaments Ltd. The total amount of money involved has not been quantified so far as the investigation is in progress.

(c): The firm was indulging in large scale over invoicing of their exports to obtain unduly high customs related benefits, to obtain export credit at concessional rate from banks and to show higher profit for inducing the public financial institutions/banks to sanction credit facilities to the company and to invest in their public issue of Optionally Fully Convertible Discounted Debentures.It also appears that the firm made false purchases of machinery to avoid Income Tax and to siphon off funds sanctioned by public financial institutions/banks.

The case is in a preliminary stage of investigation. Action will be taken by the Government on completion of investigation as per law.